

In re: JOANN INC., et al., Debtors. Case No. 25-10068 (CTG)

RESPONSE OF BAYFIELD COMPANY LLC TO THE PLAN ADMINISTRATOR'S TWENTIETH (SUBSTANTIVE) OMNIBUS OBJECTION TO CERTAIN CLAIMS

I. Introduction Bayfield Company LLC ("Claimant") submits this response to the Plan Administrator's Twentieth (Substantive) Omnibus Objection. The Plan Administrator seeks to reclassify Claim No. 17543 (\$730,000.00) from an administrative expense to a general unsecured claim. Claimant asserts that the claim must remain classified as an Administrative Expense because the services provided were an "actual, necessary cost and expense of preserving the estate" under 11 U.S.C. § 503(b)(1)(A).

II. Factual Basis for Administrative Priority

1. **Recruitment by Leadership:** Claimant did not simply have a "legacy" contract. Claimant was specifically recruited by a member of the Debtors' Board of Directors and subsequently contracted directly by the CEO in November 2024—only two months prior to the Petition Date (See Exhibit A).
2. **Deep CEO Involvement:** The project was considered critical to the Debtors' digital turnaround. The CEO remained deeply and personally involved in the work, receiving and reviewing weekly project updates to ensure the work stayed on track during the transition into bankruptcy (See Exhibit B).
3. **Post-Petition Benefit to the Estate:** Following the Petition Date of January 15, 2025, the Debtors continued to utilize the strategic framework and digital assets developed by Claimant. This work provided a direct and essential benefit to the "Wind-Down Debtors" by preserving the value of their digital operations and customer engagement tools during the reorganization and eventual plan implementation (See Exhibit C).
4. **Inducement and Reliance:** The Debtors induced the Claimant to perform these high-level strategic services with the understanding that such work was vital to the company's survival. To reclassify these costs now would unfairly penalize a vendor whose services were specifically sought out by the Debtors' highest-ranking officers to protect the estate's value.

III. Conclusion Because the \$730,000.00 claim represents costs incurred for the direct benefit and preservation of the Debtors' estate at the specific direction of the CEO and Board, the claim qualifies for administrative priority. The Objection should be overruled.



/s/ K. Kenji Gjovig K. Kenji Gjovig, Managing Director Bayfield Company LLC

CERTIFICATE OF SERVICE I hereby certify that on December 20, 2025, I caused a copy of the foregoing Response to be served via First Class Mail upon the counsel for the Plan Administrator at:

Cole Schotz P.C., 500 Delaware Avenue, Suite 600, Wilmington, DE 19801

Hahn Loeser & Parks LLP, 200 Public Square, Suite 2800, Cleveland, OH 44114

FILED
2025 DEC 21 PM 4:00
CLERK OF COURT
U.S. BANKRUPTCY COURT
DISTRICT OF DELAWARE



Kenji Gjovig <kenjigjovig@gmail.com>

Introduction to Kenji for e-commerce opportunities

15 messages

Joseph Hartsig <jhartsig@rainesinternational.com>

Thu, Sep 12, 2024 at 5:44 AM

To: "Prendergast, Michael" <mprendergast@alvarezandmarsal.com>, Kenji Gjovig <kenjigjovig@gmail.com>, Ann Aber <Ann.Aber@joann.com>

Cc: Stan Rosenweig <stan@stanzweig.com>

Hi Michael –

Following up on our meeting yesterday, I'm connecting you to Kenji who I spoke with you about as a potential resource for us as we navigate ways to strengthen our e-commerce area. I'm attaching his background as well.

Joe

Joe Hartsig
Managing Director

Chicago, IL

+1 847 881 5704

rainesinternational.com

**Learn more about
Raines Assessments** ⓘ**Kenji Gjovig resume Sept24.docx**
36K**Kenji Gjovig** <kenjigjovig@gmail.com>

Thu, Sep 12, 2024 at 7:52 AM

To: Joseph Hartsig <jhartsig@rainesinternational.com>, "Prendergast, Michael" <mprendergast@alvarezandmarsal.com>

Cc: Ann Aber <Ann.Aber@joann.com>, Stan Rosenweig <stan@stanzweig.com>

Joe- thank you for the connection and we're probably due for a catch-up!

Michael- nice to meet you and congratulations on your appointment! I've been following the JOANN news over the months in part because at Rite Aid we've gone through our own Chapter 11 and just emerged. I worked with some A&M folks supporting Jeanniefy Walden's marketing & digital team through that process. I look forward to hearing more about how I might be able to help. Looking forward to it!

Happy to work with someone directly on finding a time to talk and I also have a calendly here that has my current availabilities: <https://calendly.com/kenji-gjovig-fcbb>

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3/20/25, 10:53 AM

Best regards,
Kenji Gjovig
479-903-4047



[Quoted text hidden]

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Best regards,
Kenji Gjovig
479-903-4047



Prendergast, Michael <mprendergast@alvarezandmarsal.com>

Thu, Sep 12, 2024 at 8:26 AM

To: Joseph Hartsig <jhartsig@rainesinternational.com>, Kenji Gjovig <kenjigjovig@gmail.com>, Ann Aber
<Ann.Aber@joann.com>, "Dapolito, Kristina" <kdapolito@alvarezandmarsal.com>

Cc: Stan Rosenweig <stan@stanzweig.com>

Thx Joel

Kenji - pleasure to e-meet you. Would be great to discuss opportunities we have at Joann. Ccing Kristina to help us find a time to chat. Looking forward to connecting. Moving all others to bcc.

Best regards,
Michael

Get Outlook for iOS

From: Joseph Hartsig <jhartsig@rainesinternational.com>

Sent: Thursday, September 12, 2024 8:44:29 AM

To: Prendergast, Michael <mprendergast@alvarezandmarsal.com>; Kenji Gjovig <kenjigjovig@gmail.com>; Ann Aber <Ann.Aber@joann.com>

Cc: Stan Rosenweig <stan@stanzweig.com>

Subject: Introduction to Kenji for e-commerce opportunities

⚠ [EXTERNAL EMAIL]: Use Caution

[Quoted text hidden]

Prendergast, Michael <mprendergast@alvarezandmarsal.com>

Thu, Sep 12, 2024 at 8:36 AM

To: Kenji Gjovig <kenjigjovig@gmail.com>, "Dapolito, Kristina" <kdapolito@alvarezandmarsal.com>

KD - can you pls find a slot that works for Kenji and I to chat ? Thx

Get Outlook for iOS

From: Kenji Gjovig <kenjigjovig@gmail.com>

Sent: Thursday, September 12, 2024 10:52:33 AM

To: Joseph Hartsig <jhartsig@rainesinternational.com>; Prendergast, Michael <mprendergast@alvarezandmarsal.com>

Cc: Ann Aber <Ann.Aber@joann.com>; Stan Rosenweig <stan@stanzweig.com>

Subject: Re: Introduction to Kenji for e-commerce opportunities

⚠ [EXTERNAL EMAIL]: Use Caution



Kenji Gjovig <kenjigjovig@gmail.com>

Kenji - Bayfield Kickoff Meeting

2 messages

Stephanie Roberts <Stephanie.Roberts@joann.com>

Mon, Nov 11, 2024 at 11:00 AM

To: Kenji Gjovig <kenjigjovig@gmail.com>, John Stalcup <John.Stalcup@joann.com>, "wjudson6@gmail.com"

<wjudson6@gmail.com>, "joshwbaldino@gmail.com" <joshwbaldino@gmail.com>

Cc: Michael Prendergast <Michael.Prendergast@joann.com>, "Prendergast, Michael" <mprendergast@alvarezandmarsal.com>

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Thank you

invite.ics
6K**Kenji Gjovig** <kenjigjovig@gmail.com>

Mon, Nov 11, 2024 at 1:34 PM

To: Darius Abassi <darius@pentalon.co>

[Quoted text hidden]

MASTER SERVICES AGREEMENT

This Master Services Agreement ("Agreement") is made as of this 8th day of November, 2024 (the "Effective Date") between **Jo-Ann Stores, LLC** ("JOANN"), an Ohio limited liability company with a principal place of business located at 5555 Darrow Road, Hudson, OH 44236 and **Bayfield Company, LLC**, with a principal place of business located at PO Box 1916 El Granada, CA 94018 ("Service Provider"). JOANN and Service Provider are collectively referred to as the "Parties" and individually referred to as a "Party".

Recitals:

- A. Service Provider represents itself as experienced and qualified to perform and manage the performance of certain Services (as defined below).
- B. JOANN wants to purchase such Services from Service Provider, and Service Provider wants to provide such Services to JOANN, all in accordance with this Agreement.

Now, Therefore, in consideration of the forgoing Recitals, the mutual promises in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which is acknowledged, the Parties agree as follows:

Agreement:

1. Recitals; Definitions; Exhibits

The Recitals are incorporated into this Agreement by reference.

Capitalized words have the meanings below:

"Acceptance" means that the Services have been accepted by JOANN pursuant to this Agreement and the applicable SOW (as defined below).

"Affiliates" are entities that directly or indirectly control or are controlled by, or are under common control with, JOANN or Service Provider respectively.

"Business Days and Hours" means Monday through Friday, 8:00 a.m. to 5:00 p.m., Eastern Time, except for holidays observed by JOANN.

"Completion Date" means the date by which Services must be completed and ready for Acceptance, as indicated in the Order (as defined below) or the SOW.

"Confidential Information" means confidential, non-public or other proprietary information of the Disclosing Party (as defined below), its Affiliates and its third party suppliers, including, but not limited to trade secrets, intellectual property, economic and business information, technical information, including algorithms, code, data, designs, documentation, drawings, formulae, hardware, know-how, ideas, inventions, whether patentable or not, photographs, plans, procedures, processes, reports, research, samples, sketches, software, specifications, business information, including customer and distributor names, marketing information, operations, plans, products, financial information, including pricing and other confidential information that is disclosed under this Agreement by JOANN or Service Provider (respectively a "Disclosing Party") to the other Party ("Recipient") no matter how conveyed.

In Witness Whereof, the Parties have signed this Agreement as of the Effective Date.

Jo-Ann Stores, LLC ("JOANN")

Signed by:
By: John Stalcup 11/15/2024 | 10:28:37 AM
SE4F70AD39634C8
Print Name: John Stalcup
Title: EVP, Chief Digital Officer

Signed by:
By: Jeffrey Dwyer 11/16/2024 | 11:4
7103E8A0FCB64DA...
Jeffrey Dwyer
Interim-Chief Financial Officer

Bayfield Company, LLC ("Service Provider")

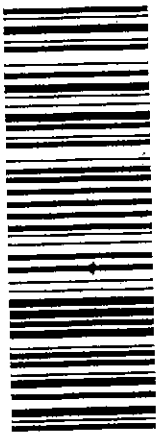
Signed by:
By: Kjell Kenji Gjovig 11/15/2024 | 7:12:57 AM PST
9B29C198337A1A9
Print Name: Kjell Kenji Gjovig
Title: Managing Director

From:

Bayfield Company LLC

Kenji Giovig
PO Box 1916
El Granada, CA 94018

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